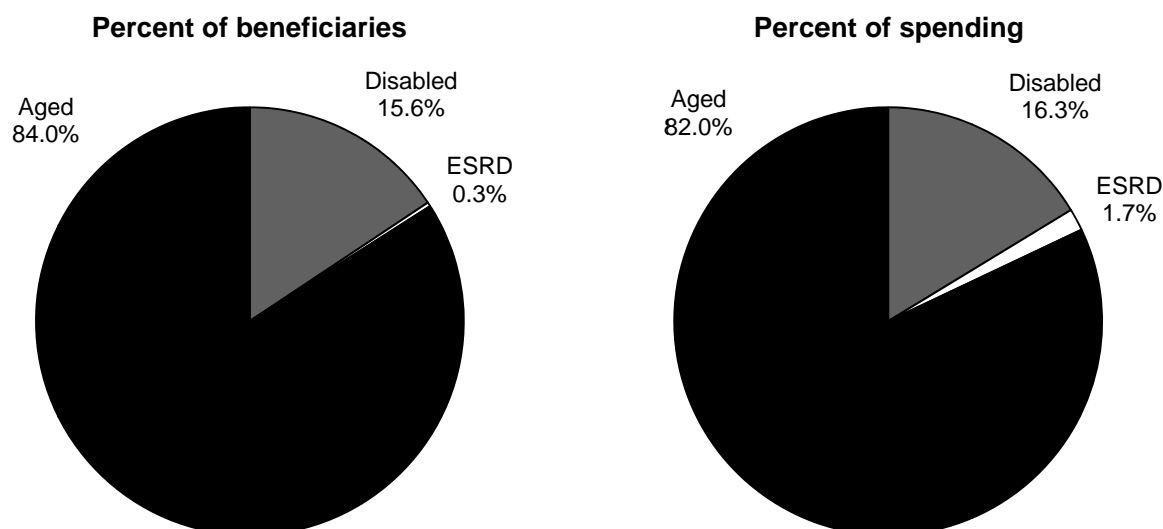


SECTION

2

**Medicare beneficiary
demographics**

Chart 2-1. Aged beneficiaries account for the greatest share of the Medicare population and program spending, 2007



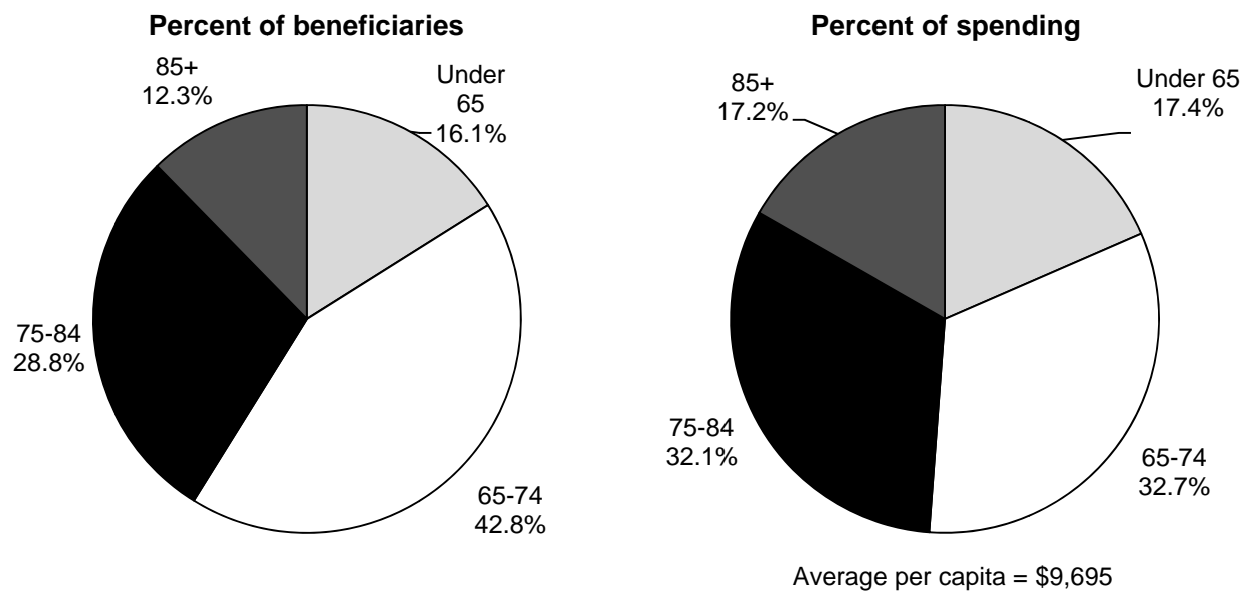
Note: ESRD (end-stage renal disease). ESRD refers to beneficiaries under age 65 with ESRD. The disabled category refers to beneficiaries under age 65 without ESRD. The aged category refers to beneficiaries age 65 or older. Results include fee-for-service, Medicare Advantage, community dwelling, and institutionalized beneficiaries. Totals may not sum to 100 percent due to rounding.

Source: MedPAC analysis of the Medicare Current Beneficiary Survey, Cost and Use file, 2007.

- In 2007, beneficiaries age 65 or older composed 84 percent of the beneficiary population and accounted for 82 percent of Medicare spending. Beneficiaries under age 65 accounted for the remaining population and spending.
- In 2007, average Medicare spending per beneficiary was \$9,695.
- On a per capita basis, a disproportionate share of Medicare expenditures is devoted to Medicare beneficiaries who are eligible due to end-stage renal disease (ESRD). On average, these beneficiaries incur spending that is more than five times greater than beneficiaries in other categories. In 2007, \$51,901 was spent per beneficiary enrolled due to ESRD versus \$9,417 per beneficiary enrolled due to age (including those with and without ESRD), and \$10,053 per (non-ESRD) beneficiary enrolled due to (non-ESRD) disability.
- Within the aged category, per capita spending for those with ESRD was \$54,997 versus \$9,150 for those without ESRD.

(The Medicare Current Beneficiary Survey may understate the ESRD population and its associated spending.)

Chart 2-2. Medicare enrollment and spending by age group, 2007

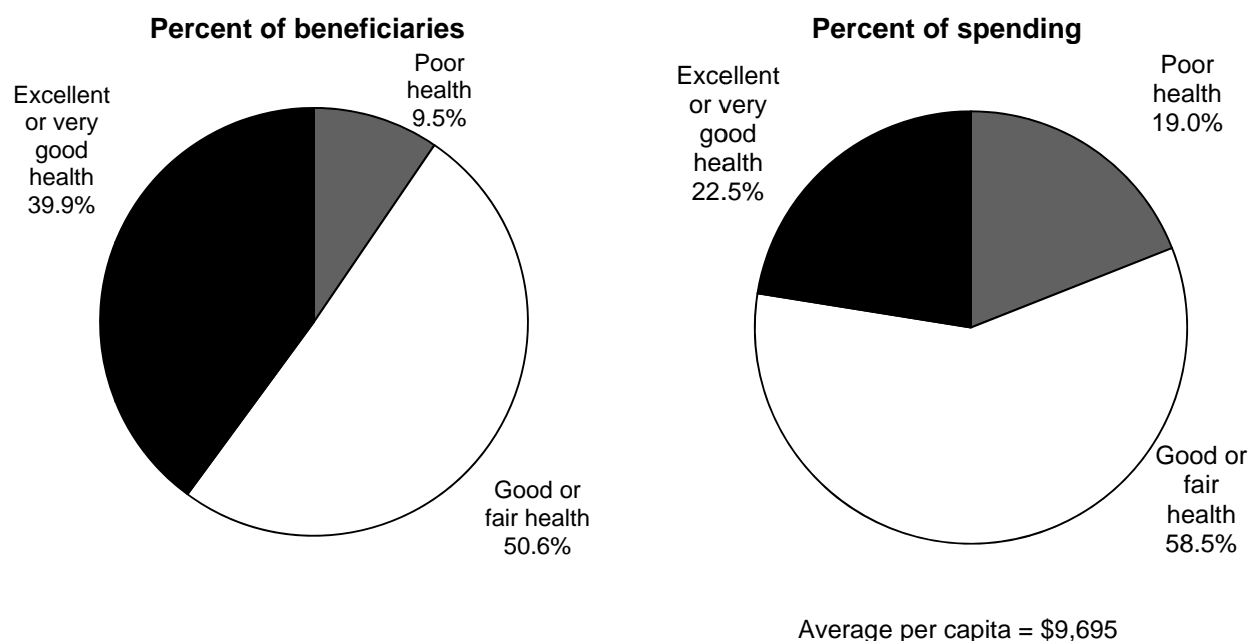


Note: Results include fee-for-service, Medicare Advantage, community dwelling, and institutionalized beneficiaries. Totals may not sum to 100 percent due to rounding.

Source: MedPAC analysis of the Medicare Current Beneficiary Survey, Cost and Use file, 2007.

- For the aged population (65 or older), per capita expenditures increase with age. Per capita expenditures were \$7,411 for beneficiaries ages 65 to 74, \$10,790 for those 75 to 84, and \$13,173 for those 85 or older.
- Per capita expenditures for Medicare beneficiaries under age 65 enrolled due to end-stage renal disease or disability were \$11,141.

Chart 2-3. Beneficiaries who report being in poor health account for a disproportionate share of Medicare spending, 2007

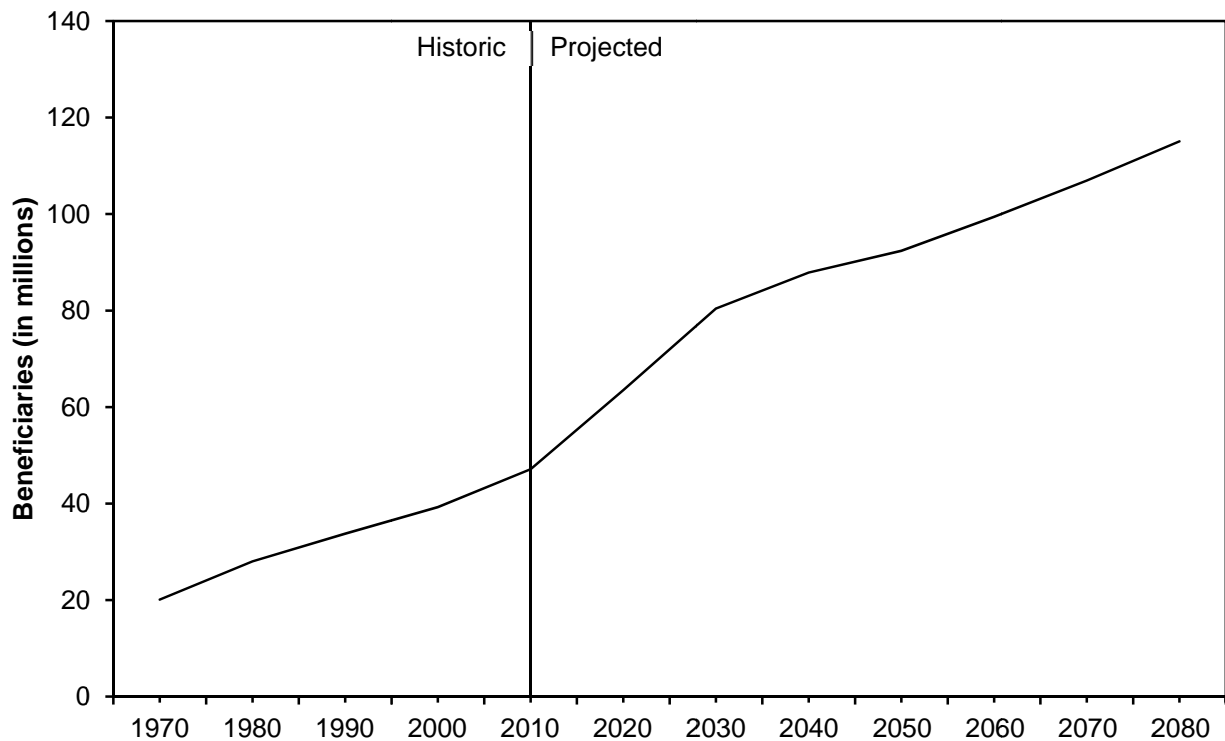


Note: Results include fee-for-service, Medicare Advantage, community dwelling, and institutionalized beneficiaries. Totals may not sum to 100 percent due to rounding.

Source: MedPAC analysis of the Medicare Current Beneficiary Survey, Cost and Use file, 2007.

- In 2007, most beneficiaries reported excellent to fair health. Fewer than 10 percent reported poor health.
- Medicare spending is strongly associated with self-reported health status. In 2007, per capita expenditures were \$5,447 for those who reported excellent or very good health, \$11,205 for those who reported good or fair health, and \$19,332 for those who reported poor health.

Chart 2-4. Enrollment in the Medicare program is projected to grow rapidly in the next 20 years



Note: Enrollment numbers are based on Part A enrollment only. Beneficiaries enrolled only in Part B are not included.

Source: CMS, Office of the Actuary, 2011.

- The total number of people enrolled in the Medicare program will double between 2000 and 2030, from about 40 million to 80 million beneficiaries.
- The rate of increase in Medicare enrollment will accelerate until 2030 as more members of the baby-boom generation become eligible and will slow around 2030 after the entire baby-boom generation has become eligible.

Chart 2-5. Characteristics of the Medicare population, 2007

Characteristic	Percent of the Medicare population*	Characteristic	Percent of the Medicare population*
Total (44,982,416)	100%	Living arrangement	
Sex		Institution	6%
Male	45	Alone	29
Female	55	Spouse	47
		Other	18
Race/ethnicity		Education	
White, non-Hispanic	78	No high school diploma	26
African American, non-Hispanic	9	High school diploma only	31
Hispanic	8	Some college or more	43
Other	5		
Age		Income status	
<65	16	Below poverty	14
65–74	43	100–125% of poverty	9
75–84	29	125–200% of poverty	19
85+	12	200–400% of poverty	33
		Over 400% of poverty	25
Health status		Supplemental insurance status	
Excellent or very good	40	Medicare only	10
Good or fair	51	Managed care	20
Poor	10	Employer	33
		Medigap	17
Residence		Medigap/employer	5
Urban	76	Medicaid	14
Rural	24	Other	1

Note: Urban indicates beneficiaries living in metropolitan statistical areas (MSAs). Rural indicates beneficiaries living outside MSAs. In 2007, poverty was defined as income of \$10,590 for people living alone and as \$13,540 for married couples. Totals may not sum to 100 percent due to rounding. Some beneficiaries may have more than one type of supplemental insurance.

*Based on a representative sample of the Medicare population.

Source: MedPAC analysis of the Medicare Current Beneficiary Survey, Cost and Use file, 2007.

- Close to one-quarter of beneficiaries live in rural areas.
- Twenty-nine percent of the Medicare population lives alone.
- Twenty-six percent of beneficiaries have no high school diploma.
- Most Medicare beneficiaries have some source of supplemental insurance.

Chart 2-6. Characteristics of the Medicare population, by rural and urban residence, 2007

Characteristic	Percent of urban Medicare population	Percent of rural Medicare population
Sex		
Male	44%	46%
Female	56	54
Race/ethnicity		
White, non-Hispanic	76	87
African American, non-Hispanic	10	6
Hispanic	9	3
Other	5	4
Age		
<65	15	19
65–74	43	42
75–84	29	28
85+	13	11
Health status		
Excellent or very good	41	36
Good or fair	50	51
Poor	9	12
Income status		
Below poverty	13	15
100–125% of poverty	8	9
125–200% of poverty	18	22
200–400% of poverty	33	34
Over 400% of poverty	27	19

Note: Urban indicates beneficiaries living in metropolitan statistical areas (MSAs). Rural indicates beneficiaries living outside MSAs. In 2007, poverty was defined as income of \$10,590 for people living alone and as \$13,540 for married couples. Results include fee-for-service, Medicare Advantage, community dwelling, and institutionalized beneficiaries. Totals may not sum to 100 percent due to rounding.

Source: MedPAC analysis of the Medicare Current Beneficiary Survey, Cost and Use file, 2007.

- Rural Medicare beneficiaries are more likely to be White (87 percent vs. 76 percent), to report being in poor health (12 percent vs. 9 percent), and to have incomes below 125 percent of poverty (24 percent vs. 21 percent) compared with urban beneficiaries.

Web links. Medicare beneficiary demographics

- CMS Data Compendium contains historic, current, and projected data on Medicare enrollment.

<http://www.cms.gov/DataCompendium/>

- The CMS website provides information on Medicare enrollment by state.

<http://www.cms.gov/MedicareEnRpts>

- The CMS website provides information about the Medicare Current Beneficiary Survey, a resource on the demographic characteristics of Medicare beneficiaries.

<http://www.cms.gov/mcbs>

